

post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-ISE-2013-28 and should be submitted on or before April 29, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69267; File No. SR-NYSEArca-2013-27]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Its Option Trading Rules to Extend the Operation of Its Pilot Program Regarding Minimum Value Sizes for Flexible Exchange Options, Currently Scheduled to Expire on March 29, 2013, Until March 31, 2014

April 2, 2013.

Pursuant to Section 19(b)(1) ¹ of the Securities Exchange Act of 1934 (the "Act") ² and Rule 19b-4 thereunder, ³ notice is hereby given that, on March 28, 2013, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") filed with

the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend its option trading rules to extend the operation of its pilot program ("Pilot Program") regarding minimum value sizes for flexible exchange options ("FLEX Options"), currently scheduled to expire on March 29, 2013, until March 31, 2014. The text of the proposed rule change is available on the Exchange's Web site at www.nyse.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange hereby proposes to amend its option trading rules to extend the operation of its Pilot Program regarding minimum value sizes for FLEX Options, currently scheduled to expire on March 29, 2013, ⁴ until March 31, 2014. This filing does not propose any substantive changes to the Pilot Program and contemplates that all other terms of FLEX Options will remain the same. Overall, the Exchange believes that extending the Pilot Program will benefit public customers and other market participants who will be able to

use FLEX Options to manage risk for smaller portfolios.

In support of the proposed extension of the Pilot Program, and as required by the terms of the Pilot Program's implementation, ⁵ the Exchange has submitted to the Securities and Exchange Commission ("SEC" or "Commission") a Pilot Program Report that provides an analysis of the Pilot Program covering the period during which the Pilot Program has been in effect. This Pilot Program Report includes (i) data and analysis on the open interest and trading volume in (a) FLEX Equity Options that have opening transactions with a minimum size of 0 to 249 contracts and less than \$1 million in underlying value; (b) FLEX Index Options that have opening transactions with a minimum opening size of less than \$10 million in underlying equivalent value; and (ii) analysis on the types of investors that initiated opening FLEX Equity and Index Options transactions (*i.e.*, institutional, high net worth, or retail). The report has been submitted to the Commission.

The Exchange believes that there is sufficient investor interest and demand in the Pilot Program to warrant extension for another three months [*sic*]. The Exchange believes that the Pilot Program has provided investors with additional means of managing their risk exposures and carrying out their investment objectives. The Exchange has not experienced any adverse market effects with respect to the Pilot Program.

If, in the future, the Exchange proposes an additional extension of the Pilot Program, or should the Exchange propose to make the Pilot Program permanent, the Exchange will submit, along with any filing proposing such amendments to the Pilot Program, an additional Pilot Program Report covering the period during which the Pilot Program was in effect and including the details referenced above, along with the nominal dollar value of the underlying security of each trade. The Pilot Program Report would be submitted to the Commission at least two months prior to the expiration date of the Pilot Program.

The Exchange notes that any positions established under this Pilot Program would not be impacted by the expiration of the Pilot Program. For example, a 10-contract FLEX Equity Option opening position that overlies less than \$1 million in the underlying security and expires in January 2016 could be established during the Pilot Program. If the Pilot Program were not extended, the position would continue

²⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ See Securities Exchange Act Release No. 66650 (March 23, 2012), 77 FR 19048 (March 29, 2012) (SR-NYSEArca-2012-20).

⁵ See *infra* note 6.

to exist and any further trading in the series would be subject to the minimum value size requirements for continued trading in that series.

The Exchange believes that the Pilot Program has been successful and well-received by its membership and the investing public for the period that it has been in operation as a Pilot Program.⁶

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(5),⁸ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. Specifically, the Exchange believes that the proposed extension of the Pilot Program, which eliminates the minimum value size applicable to FLEX Options, would provide greater opportunities for investors to manage risk through the use of FLEX Options. Further, the Exchange notes that it has not experienced any adverse effects from the operation of the Pilot Program.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed change is being made to extend the operation of the Pilot Program to allow additional time to enable the Exchange to file to permanently adopt the elimination of the minimum value size applicable to FLEX Options. Other competing options exchanges have similar programs to the Pilot Program. Thus, the proposed changes will not impose any burden on competition while providing that the elimination of the minimum value size applicable to FLEX Options continues without interruption until permanent approval is granted by the Commission.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(6) thereunder.¹⁰

A proposed rule change filed under Rule 19b-4(f)(6)¹¹ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹² the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission notes that waiving the 30-day operative delay would allow the Pilot Program to continue without interruption, and believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest.¹³ Therefore, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of

investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2013-27 on the subject line.

Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEArca-2013-27. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-NYSEArca-2013-27 and should be submitted on or before April 29, 2013.

⁶ The Pilot Program was initiated on May 12, 2010. See Securities Exchange Act Release No. 62054 (May 6, 2010), 75 FR 27381 (May 14, 2010) (SR-NYSEArca-2010-34).

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 17 CFR 240.19b-4(f)(6)(iii).

¹³ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69276; File No. SR-DTC-2013-01]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change to Modify Its Practice Regarding the Collection of Participants' Required Participants Fund Deposits

April 2, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 20, 2013, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I, II and III below, which Items have been prepared primarily by DTC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change is to modify DTC's Settlement Services Guide, as described below.

II. Clearing Agency's Statement of Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, DTC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.³

(A) Self-Regulatory Organization's Statement of Purpose of, and Statutory Basis for, the Proposed Rule Change

Participants Fund

Pursuant to Rule 4 of its Rules, By-laws, Organization Certificate ("DTC Rules"), DTC maintains a fund funded by its Participants, which in addition to being a liquidity resource, is available to satisfy any uninsured loss incurred by DTC, including a loss resulting from a Participant's failure to settle its transactions ("Participants Fund").⁴ Each Participant's required deposit to the Participant's Fund ("Required Participants Fund Deposit") is calculated daily pursuant to an established formula.⁵ While the minimum deposit is \$10,000, each Participant is required to make a deposit to the Participants Fund based upon a formula that takes into account the Participant's six largest intraday net debit peaks over a rolling sixty business-day period.⁶ If the Participant's newly calculated Required Participants Fund Deposit is greater than its prior day's Required Participants Fund Deposit, and the difference thereof (i) equals or exceeds \$500,000, and (ii) represents 25 percent or more of the newly calculated required fund deposit ("Threshold Amount and Percentage"), the Participant must deposit the difference in the Participants Fund within two business days,⁷ to the extent any excess amount of the Participant's Actual Participants Fund Deposit does not already satisfy the new requirement.⁸

Under current procedures, as set forth in DTC's Settlement Services Guide, Participants must deposit any increased requirement to the Required Participants Fund Deposit that meets the Threshold Amount and Percentage within two business days.⁹ Increases in

amounts less than the Threshold Amount and Percentage are collected once per month for all Participants.¹⁰

In order to enhance its liquidity and risk coverage, DTC is proposing to accelerate the collection of Participants' Required Participants Fund Deposits from two business days to the same day the Participant is notified of the requirement. Under the proposal, for both the daily and monthly calculations that trigger collections, as described above, increased deposit requirements will be collected by DTC on a same-day basis, instead of within two business days.

Proposed Changes to Rule Text

If approved, DTC will revise the text of its Settlement Services Guide to provide that where a Participant's calculated Required Participants Fund Deposit meets the Threshold Amount and Percentage, the increased amount must (to the extent any excess amount of the Participant's Actual Participants Fund Deposit does not already satisfy the new requirement) be deposited with DTC on the same business day as (i) the calculation of the increase, and (ii) a report or other notification of the change is made available to the Participant.

As mentioned above, in order to harmonize the Participants Fund collection processes, monthly increases will also be collected on a same-day basis and language will be added to the Settlement Service Guide in this regard. In addition, language will be added to the Settlement Service Guide to clarify that the relevant Guide provisions shall apply only to the calculation and collection of DTC Participants Fund deposits, as described in the Guide, and do not supersede or limit any provisions of the DTC Rules or any rights of DTC in accordance with applicable law and DTC's Rules and Procedures, including but not limited to transactions in securities and money payments.

Finally, DTC will make certain clarifying and technical changes to the language as set forth in the "Participants Fund" section of its Settlement Service Guide. Changes include, but are not limited to: (i) Updating the description of the purpose of the Participants Fund, (ii) updating the use of defined terms, such as "Participant," and (iii) updating and adding subject headings.

¹⁰ See *id.* (After settlement on the last business day of each month, DTC calculates each Participant's requirement. Each participant is notified of their new requirement on the first business day of the month. If a Participant's requirement has increased beyond the value they currently have on deposit at DTC, this deficit must be deposited with DTC within two business days.)

¹⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Commission has modified the text of the summaries prepared by DTC.

⁴ See DTC Rules (http://dtcc.com/legal/rules_proc/dtc_rules.pdf).

⁵ *Id.*, Rule 4(a).

⁶ See DTC Settlement Service Guide (<http://dtcc.com/downloads/products/learning/Settlement.pdf>). DTC may also require an additional deposit to the Participants Fund in the event that DTC becomes concerned with a Participant's financial soundness. See DTC Rules, *supra* note 4, Rule 9(A). Separately, a Participant may make a voluntary deposit to the Participants Fund ("Voluntary Participants Fund Deposit") in excess of the amount required. See *id.*, Rule 4(c). These provisions are not impacted by the proposed rule change.

⁷ See DTC Settlement Service Guide, *supra* note 6.

⁸ See DTC Rules, *supra* note 4, Rule 4(b). "Actual Participants Fund Deposit" means the actual amount the Participant has deposited to the Participants Fund, including both its Required Participants Fund Deposit and any Voluntary Participants Fund Deposit. *Id.*, Rule 1.

⁹ See DTC Settlement Service Guide, *supra* note 6.